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UNCLAS SECTION 01 OF 04 GUATEMALA 001170

SIPDIS

SENSITIVE

DEPARTMENT FOR WHA/PPC:CHARLOTTE ROE; DRL/IL:ARLEN WILSON;
EB: RANDY FLEITMAN
LABOR DEPARTMENT FOR ILAB: JORGE PEREZ LOPEZ, CARLOS ROMERO
AND ROBERT WHOLEY
USTR FOR BUD CLATANOFF AND ANDREA DURKIN

E.O. 12958: N/A

TAGS: ILAB ETRD PGOV GT

SUBJECT: PRE-CAFTA ROUND GUATEMALA LABOR UPDATE (#3)

¶1. (SBU) Summary: The following labor developments in Guatemala are discussed in the paragraphs marked below.

-- Special Prosecutor's Case Files--Violence Against Unionists (2)

-- More May Day Marchers Reject CAFTA (3)

-- President Portillo Touts Labor Priorities and CAFTA (4)

-- U.S. Human Rights Report and UNICEF Child Labor Report Make Headlines (5)

-- Banana Conflict Brewing (6)

-- Social Security Institute Raises Rates (7)

-- Unemployment Increased to 18% in 2002 (8)

End Summary.

¶2. (SBU) Special Prosecutor Opens His Case Files

On April 25 the Embassy received an update from the Attorney General on the status of investigations of violence against union leaders. The report included actions taken by investigative authorities in the following murder and violence cases (see below) and also reported on 10 cases of threats, one of abuse of authority, one of union fraud, one of robbery, and one of falsification of documents involving union member victims (details not included here).

a. Murder of Baldomero de Jesus Ramirez, member of the Union of Municipal Workers of Santa Lucia Cotzumalguapa, Esquintla. June 17, 1999.

Status: No suspects.

b. Murder of Oswaldo Monzon Lima, Secretary General, Union of Gas Truck Drivers, Esquintla. June 22, 2000.

Status: Suspect: Mario Roberto Ortiz Barranco. No arrests.

c. Threats Against Gloria Rafaela Cordova Miranda and Gilda Esperanza Tecun Sazo, members of the Union of Workers at the Choishin Textile factory, Villa Nueva, Guatemala province, July 18, 2001.

Status: Suspect: Wal Jong Lee. Judge dismissed the case on July 23, 2002 for lack of evidence. Case still open in Prosecutor's Office.

d. Murder of Baudilio Amado Cermenio Ramirez, Organization Secretary, Light and Power Union. Guatemala City. December 21, 2001.

Status: Indictment (but no arrest warrant) issued October 29, 2002, for Rosa Maria Gonzalez Gonzalez, his companion.

e. Bullet wounds to Marcos Alvarez Tzoc, Union of Workers at El Arco Plantation, Chicacao, Suchitepequez, January 18, 2003.

Status: Suspect: Julio Enrique de Jesus Salazar Pivaral. Report to judge in Suchitepequez on April 14, 2003 requesting arrest warrant for Salazar.

f. Murder of Carlos Francisco Guzman Lanuza, leader of Union of Municipal Workers and Secretary General of the Labor Front of the South Coast, in Nueva Concepcion, Escuintla. November 27, 2002.

Status: Witnesses placed in witness protection program. Case referred to Presidential Secretariat for Specific Issues on orders of Attorney General. (Note: press reported that

Rolando Chacon Escobar, first councilman of Nueva Concepcion, was arrested for this and other crimes on April 25, 2003.
End Note.)

13. (U) May Day March Bigger Than Past Years

Between 25,000 and 35,000 workers marched in May Day parades in the capital, a significant increase over recent years. The marchers, ranks were swelled by teacher organizations, who concluded a successful nationwide strike in March. (Note: The teacher strike was ruled illegal by labor courts, but Congress passed an amnesty for strikers on April 2. Teachers remain in dialogue with the government on unresolved budgetary demands and the fate of an education decentralization teachers unions have labeled privatization. End Note.) The May Day march was initially divided between two major groupings, the UASP labor federation, which includes teachers groups, and the other major federations (UGT, UNSITRAGUA, CSNP). All came together in the central square and were unified in their common demands:

-- job creation, decent wages, reinstatement of illegally fired workers, agrarian reform, greater freedom to organize unions and bargain collectively, full implementation of the Peace Accords,
-- resignation of the Labor Minister (for abuse of authority),
-- rejection of a CAFTA and FTAA,
-- rejection of payments to ex-civil defense patrollers who committed human rights abuses,
-- rejection of increased payroll deductions for Social Security, and demands for greater autonomy for the Social Security Institute,
-- rejection of fuel and electricity price hikes, and
-- rejection of privatization of education, health and social security.

14. (U) President Portillo Touts Labor Priorities and CAFTA

The May 2 copy of the government's official daily, "Diario de Centro America," includes text of President Portillo's May Day speech, including the following comments on the labor clause of a CAFTA:

-- The labor clause must be integrated into the main text of a CAFTA agreement,
-- There should be a "cooperative focus" in the enforcement mechanism,
-- Responsibilities of governments and companies should be clearly differentiated,
-- Our right to require clarification and amplification of the text must be respected,
-- It should be understood that we cannot assume short term solutions for structural problems that require medium and long-term solutions,
-- The dispute settlement mechanism for labor issues must be separate from other disputes, due to its special nature and the ILO and bilateral rules.

The speech also highlights other GOG labor priorities:

-- Ministry restructuring (new Strategic 5-year Plan) to better meet today's realities (70% of workers in informal sector, 50% of workers located in rural areas, coffee crisis, a weak Labor Ministry).

-- A Labor Ministry budget boost of 30% for 2004.

-- A collective bargaining agreement for the ministry's workers.

-- Labor Code reforms to be sent to Congress shortly: on child labor, domestic workers, sexual harassment, universal (no-fault) severance pay, and procedural and administrative process changes.

-- Tripartite dialogue, formation of a national recreation institute for recreation for public sector employees, a new national core labor rights course.

15. (U) HRR and UNICEF Child Labor Report Get Headlines

Major daily Prensa Libre printed an opinion piece on May 2 headlined "Labor Criticisms from the U.S. Against Guatemala" noting criticisms of labor rights violations in the context of CAFTA negotiations. The article quoted extensively from the Department's Human Rights Report for 2002 (newly translated and on the Embassy's website). Press also gave extensive coverage to a recent report from the National

Statistical Institute, funded by UNICEF and the World Bank, which reported the following statistics for child labor in Guatemala:

-- highest incidence of child labor in Central America (507,000 children working between ages 7 and 14 (66% male, 56% indigenous, 77% rural); 418,000 between ages 15 and 17 (66% male, 47% indigenous, 69% rural); a total of 925,000 child workers).

-- The rate of child workers has risen from 7.9% in 1994 to 23.5% today.

-- 68% of child workers work in the agriculture sector.

-- 76% of child workers work for their families and are not paid for their labor.

-- Child workers work an average of 47 hours per week.

-- 8,000 child workers work in dangerous professions such as fireworks production and in mines.

16. (SBU) Banana Conflict Escalating

In early March, 38 workers at the Lourdes and Fatimah plantations owned by BANDEGUA and leased to independent producers were fired in retaliation for a two week work stoppage during which workers also blockaded an access road that serves a number of plantations, including some not involved in the work stoppages. BANDEGUA is the Guatemalan subsidiary of Del Monte Fresh Produce of Coral Gables, Florida. On April 24 the SITRABI banana workers union told U.S. Representative Levin that another 60 workers have since been fired, and all 98 workers and the SITRABI union leadership have been charged in criminal court for violations related to the loss of fruit and blockage of transit. The Solidarity Center is considering including the conflict in its submission for CAFTA labor comments. Labatt inquired about this case on April 30 to Vice Labor Minister Monzon, and expressed concern that the ministry mediate labor conflicts before they escalate into criminal actions. Monzon's son, Sergio Monzon Ordóñez, is reportedly the new operator of the plantations. Monzon Sr. said a high level GOG group is being formed to seek resolution of the conflict and will provide additional information on May 7.

17. (U) Social Security Institute (IGSS) Raises Rates

The IGSS has invested funds in a controversial new housing project, and been the subject of union and employer calls for greater political autonomy, and the subject of never-ending corruption scandals that leave hospitals without medicine. Even more controversial, however, was the decision by the IGSS board to increase employer and worker payroll deductions beginning in April. By changing the calculation of base pay to include mandatory bonuses, the IGSS decision nearly tripled the average contribution by workers and employers. The board also decided to delay IGSS coverage for new registrants for four months after inscription. The payroll tax increase sparked a constitutional challenge from employers (CACIF), a non-binding resolution in Congress asking the board to reconsider the increase, and protests from labor groups.

18. (U) Unemployment Rising

Press reported that unemployment (including underemployment) jobs that once finished, lead to unemployment) jumped from 10.8% in 2000 to 18.3% in 2002, according to the National Statistical Institute's August-September 2002 Survey of Employment and Income. During the same period, however, employment (especially in the informal sector) has increased, as more women have entered the workforce (increasing from 700,000 in 1989 to 1.8 million (of a total of 4.9 million) in 2002). In Guatemala City, 43% of women workers are unemployed or under-employed. The agriculture sector, which includes 50% of all male workers nationwide and 18% of women workers, has the highest rate of informal employment (80%), where workers are not covered by social security or other legal protections.

HAMILTON